

THE VILLAGE CHARTER SCHOOL

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2023

THE VILLAGE CHARTER SCHOOL

***The Village Charter School
Board of Trustees
Trenton, New Jersey***

***Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023***

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023***

Prepared By

***The Village Charter School
Finance Department***

And

Barre & Company, LLC CPA's

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Angelica Allen-McMillan, Ed.D, Acting Commissioner
Secretary, State Board of Education

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INTRODUCTORY SECTION

November 28, 2023

Honorable President and
Members of the Board of Trustees
The Village Charter School
Trenton, New Jersey
County of Mercer

Dear Board Members:

The annual comprehensive financial report of the The Village Charter School (Charter School) for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (U.S. Uniform Guidance) and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Village Charter School is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14, as amended. All funds of the School are included in this report. The Charter School chartered by the New Jersey Department of Education in January 1998 and began a planning year in September 1998. The School opened its doors in September 1999 with 153 kindergarten to second grade students and now has the capacity to enroll 360 students in grades kindergarten through eighth grade. On January 12, 2018, the Commissioner of Education and New Jersey Department of Education renewed the School's Charter for a five-year term through June 30, 2023. The School offers a data-driven integrated curriculum that has designed to help students see connections across the disciplines and relate what they learn to their lives. This state of the art school facility, a true community resource, and a child-centered mission that unites parents, teachers and the school community to ensure that each student reaches his or her fullest potential. The School completed 2022-2023 fiscal year, with an average daily enrollment of 357 students.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2023	356.6	0.00%
2022	356.6	-0.83%
2021	359.6	-0.11%
2020	360	0.00%
2019	360.0	1.04%
2018	356.3	-0.11%
2017	356.7	-0.53%
2016	358.6	-3.86%
2015	373	3.81%
2014	359.3	1.01%

2. ECONOMIC CONDITION AND OUTLOOK: The School enrolled 357 students in kindergarten through eighth grade for the 2022-2023 School Year. The school continues to be one of the most popular in the area. Waiting lists have been the norm for each grade since the school founded in 1999. School enrollment has remained consistent over the last year. It anticipated that, with the demand for quality K-8 public education in Trenton, we will be able to maintain our enrollment for the foreseeable future. We will continue to monitor any new legislation from Trenton as it relates to changes in Charter School Funding, particularly in the area of facility cost aid.

3. MAJOR INITIATIVES: For twenty-one years, The Village Charter School has continued to maximize the unique talents and address the specific learning needs of our scholars. We believe that through positive relationships, consistent inspiration, as well as, focused tiered instruction we are doing the awesome job of building the whole child. We at the Village, not only endeavor to build great students, but also great humans. Despite the challenges we've encountered due to the COVID-19 crisis, we continue with the following practices and initiatives for the 2023-2022 school year:

1. Data:

I READY: Use of the I READY assessment and remediation program. This program, which has successfully implemented in schools across the nation, allows us to administer continuous assessments of the learning needs of our students. Students will complete benchmark assessments three times a year in addition to school created unit tests. The program correlated with the New Jersey State Learning Assessment (NJSLA). It, therefore, enables us to focus our teaching and basic skills remediation.

- a. Student Data Folders: In addition, the teachers here at the The Village Charter School have tasked to keep data folders and have relevant data talks with their students where they discuss assessments, standards, and student progress. Students will ultimately set short and long-term goals for themselves and track their own data.
- b. Basic Skills: The Village Charter School identifies students who are in need of remediation in Math or English Language Arts. We develop progress and proficiency plans in the beginning of the school year with specific benchmarks. Interventions used to ensure student proficiency plans in the beginning of the school year with specific benchmarks. Interventions used to ensure student proficiency. The Basic Skills Team remote learning model as well as our eventual transition to hybrid learning allows us to offer interventions to those students with academic challenges in reading and math.

2. Professional Learning Communities (PLC) continue as full day of professional development which is scheduled each week remotely:

All staff K-8th grade are tasked to read and implement the strategies as outlined in the following books: Teach Like a Champion 2.0 and Teach Like a Champion Field Guide;

ELA Teachers “The Reading Strategies Book: Your Everything Guide to Developing Skilled Readers”;

Math Teachers “Mathematical Mindsets: Unleashing Students Potential through Creative, Math Inspiring Messages and Innovative Teaching”;

Special Education Teachers “Lost at School: Why Our Kids with Behavioral Challenges are Failing Through the Cracks and How We Can Help Them”.

3. We have also created a VCS Scholars Program to provide supplemental educational cultural and social opportunities and social opportunities for our most successful students.

- a. National Elementary Honor Society is open to students in grades fourth to fifth who have demonstrated leadership qualities and academic excellence. NEHS serves to honor those students who have demonstrated excellence in the areas of scholarship, service, leadership, character, and citizenship. These characteristics have been associated with membership in the organization since its beginning in 2008.

- b. National Junior Honor Society is open to students in grades five to eight who have demonstrated leadership qualities and academic excellence. NJHS serves to honor those students who have demonstrated excellence in the areas of scholarship, service, leadership, character, and citizenship. These characteristics have been associated with membership in the organization since its beginning in 1929.
 - c. Our National Junior Honor Society Program takes place with remote meetings between the teacher facilitators and NJHS students.
- 4. Due to the COVID-19 crisis, our Outreach Programs typically scheduled have put on hold until our return to school. They are include the following:
 - a. *Junior Achievement Program Day* will focus on maximizing student academic proficiency and exposing them to career and life opportunities. Junior Achievement is the world's largest organization dedicated to educating students in grades K-12 about entrepreneurship, work readiness a financial literacy through experiential, hands-on programs.
 - b. *Project LEAD* is an effective law-related education program established by the Los Angeles District Attorney's Office in 1993. The 20-week curriculum teaches fifth grade students about the criminal justice system and the importance of making good decisions. Volunteers from within the United States Attorney's Office District of New Jersey and partner agencies are instructors for the program and serve as role models in the classroom.
- 5. Princeton Blairstown Center in Princeton, NJ for seventh year. For over 100 years, the Princeton-Blairstown Center has provided adventure-based, experiential education to vulnerable youth. What began in 1908 as a summer camp run by Princeton University students and faculty has evolved into a wide variety of year-round programs serving over 6,000 young people from Mid-Atlantic States.
- 6. Technology:
 - a. Our one to one Chromebook initiative has allowed us to continue a quality, robust online learning platform for our students during this national health emergency. Tablets have distributed to staff to continue our school wide DOJO parent communication initiative.

We are pleased to report that we are continuing these initiatives and implementing changes that will increase our student's academic and standardized testing success this unprecedented time.

4. INTERNAL ACCOUNTING CONTROLS: Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School protected from loss, theft or misuse and to ensure that adequate accounting data were compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The Internal control structure designed to provide reasonable, but not absolute, assurance that these objectives were met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the Charter School is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School's management. Since grant periods differ in their prescribed fiscal years, representations was made prior to the end of the fiscal year for those grants having fiscal years other than July 1 through June 30.

As part of the Charter School's single audit described earlier, tests made to determine the adequacy of internal controls, including that portion related to federal and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets were adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, are reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2023.

6. ACCOUNTING SYSTEM AND REPORTS: The Charter School accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The Accounting System of the charter school is organized on the basis of funds and account groups. These funds are explained in "Notes to the Financial Statement", Note 1.

7. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statement" Note 3. The Charter School has adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.


8. RISK MANAGEMENT: The Charter School carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. OTHER INFORMATION:

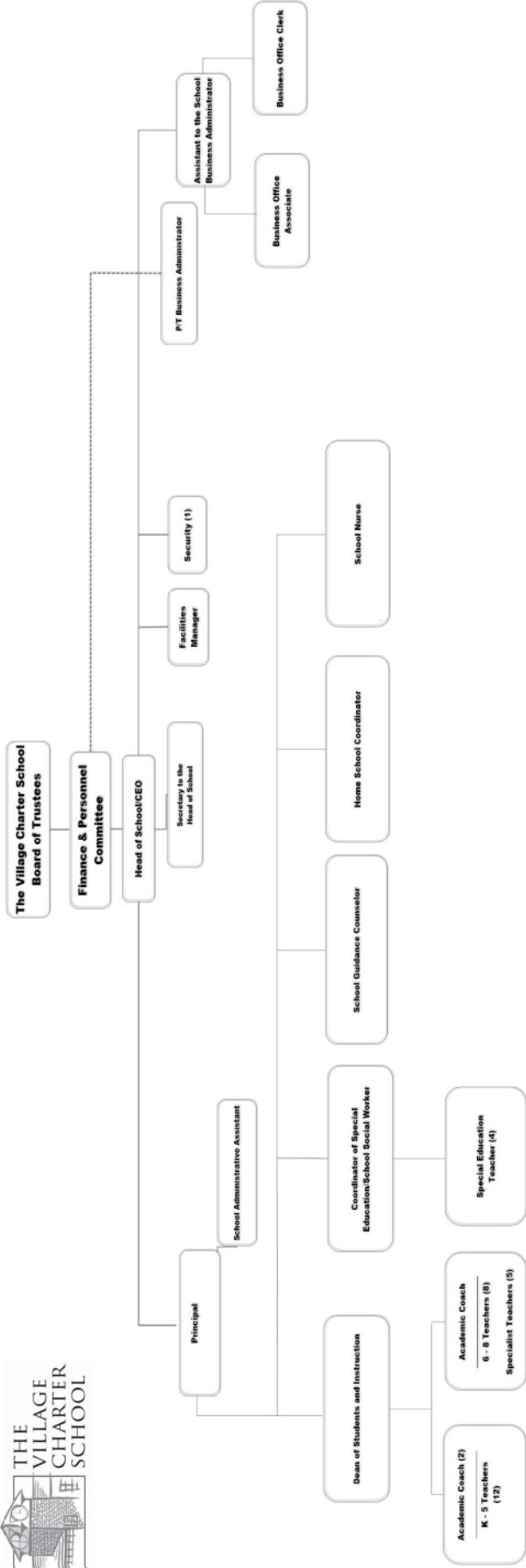
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, LLC Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports, related specifically to the single audit, are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the The Village Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,


Judith Brown
Head of School


Glenn A. Richardson
School Business Administrator



"Where Learners Become Leaders"

Revised 3/21/2022

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2023**

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	EXPIRATION OF TERM
Dionne Hallback.....	2024
Gennifer George.....	2025
Stephen L. Kitts, Chair of the Board.....	2023
John Middlebrook.....	2025
M. Elaine Murphy, Secretary.....	2023
Cynthia Pinelli.....	2025
Carmen Roman.....	2024
Adrienne King.....	2024
Boynton Weekes.....	2024
Sherri Eure-Washington.....	2025

OTHER OFFICIALS

Judith Brown, Head of School

Keoke Wooten-Johnson, Principal

Glenn A. Richardson, School Business Administrator / Board Secretary

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

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Independent Auditor's Report

Honorable President and
Members of the Board of Trustees
The Village Charter School
County of Mercer
Trenton, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the The Village Charter School (Charter School), in the , State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the The Village Charter School, in the county of Mercer, State of New Jersey, as of June 30, 2023, and the respective changes in the financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Village Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Charter School's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about International Charter School of Trenton's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Village Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Village Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, following this report, and pension and post-employment benefit schedule in Exhibits L-1 through L-3, M-1, and the related notes be presented to supplement the basic financial statements and budgetary comparison information in Exhibits C-1 through C-3. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the The Village Charter School's basic financial statements. The combining and related major fund supporting statements and schedules are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of New Jersey's Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, are also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and related major fund supporting statements and schedule and schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.


In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists; we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey

In accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated November 28, 2023 on our consideration of the The Village Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey and the Office of School Finance, Department of Education, State of New Jersey in considering the Charter School's internal control over financial reporting and compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY, LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 28, 2023

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

The discussion and analysis of The Village Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- ❖ General revenues accounted for \$9,265,126 or 98% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$163,362 or 2% of total revenues of \$9,428,488.
- ❖ The Charter School had \$7,458,522 in expenses; only \$163,362 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$9,265,126 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$7,979,428 in revenues and \$7,158,457 in expenditures. The General Fund's fund balance increased \$820,971 over 2022. This increase was anticipated by the Board of Trustees.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand The Village Charter School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds. In the case of The Village Charter School, the General Fund is by far the most significant fund.

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2023?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2023?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in that position. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the Charter School is divided into two kinds of activities:

- ❖ Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.
- ❖ Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

Most of the school's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more of fewer financial resources

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
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Governmental Funds (Continued)

that can be spend in the near future to finance the school's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

Proprietary Funds

Services for which the school charges a fee generally reported in proprietary funds. Proprietary funds reported in the same way as the school-wide statements. The school's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The school does not use internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 36 of this report.

The Charter School as a Whole

Recall that the *Statement of Net Position* provides the perspective of the Charter School as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined Net Position were \$5,876,766 for 2023 and \$3,934,918 for 2022.

Governmental Activities

The Charter School's total revenues were \$9,465,153 for 2023 and \$7,603,822 for 2022, this includes \$1,313,155 for 2023 and \$1,284,962 for 2022 of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$8,638,301 for 2023 and \$7,511,333 for 2022. Instruction comprises 41% for 2023 and 45% for 2022 of Charter School expenses.

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

Business-Type Activities

Revenues for the Charter School's business-type activities (Food Service) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service revenue exceeded expenses by \$(28,118) for 2023 and expenses exceeded revenue by \$59,719 for 2022.
- ❖ Charges for services represent \$11,585 for 2023 and \$100 for 2022 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast were \$319,934 for 2023 and \$303,321 for 2022.

Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Administration includes expenses associated with administrative and financial supervision of the Charter School.

Support services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$9,465,153 for 2023 and \$7,603,299 for 2022 and expenditures were \$8,638,301 for 2023 and \$6,009,539 for 2022. The net change in fund balance was most significant in the general fund, an increase of \$820,971 in 2023 and an increase of \$92,566 in 2022.

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2023, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2022	Percent of Increase/ (Decrease)
Local Sources	\$ 1,163,783	12.30%	\$ 683,987	142.56%
Intermediate Sources	-	0.00%	(32,685)	-100.00%
State Sources	6,758,954	71.41%	960,075	16.56%
Federal Sources	1,542,416	16.30%	249,954	19.34%
Total	\$ 9,465,153	100.01%	\$ 1,861,331	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2023, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2022	Percent of Increase/ (Decrease)
Instruction	\$ 3,069,160	35.53%	\$ 271,172	9.69%
Administration	2,766,311	32.02%	106,094	3.99%
Support Services	1,440,380	16.67%	(101,810)	-6.60%
Capital Outlay	1,362,450	15.77%	851,512	166.66%
Total	\$ 8,638,301	99.99%	\$ 1,126,968	

General Fund Budgeting Highlights

Over the course of the year, the Charter School revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Budget changes/transfers are approved by the Board throughout the year. Although the school's projected budget for the general fund anticipated that revenues and expenditures would be roughly equal, the actual results for the year show a surplus.

**THE VILLAGE CHARTER SCHOOL
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

Capital Assets (Net of Depreciation) and Debt Administration

The Charter School had \$6,293,486 for 2023 and \$5,619,829 for 2022 invested in a newly purchased building, building improvements, and equipment. The school paid off its note payable in fiscal year 2023.

Debt

At June 30, 2023, the school reported Long-Term debt in the total amount of \$2,452,228, with maturities thru the 2028-29.

The debt (mortgage obligations) was incurred for the acquisition of school facilities in CY 2013.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, The Village Charter School, 101 Sullivan Way, Trenton, New Jersey 08628.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.

THE VILLAGE CHARTER SCHOOL
 Statement of Net Position
 June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents:			
Cash and Cash Equivalents	\$ 3,273,871	\$ 80,090	\$ 3,353,961
Receivables From Other Governments		21,061	21,061
Other Receivables	603,305	13,244	616,549
Inventories		14,811	14,811
Capital Assets, Net	6,293,486		6,293,486
Total Assets	10,170,662	129,206	10,299,868
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	117,556		117,556
Total Deferred Outflows of Resources	117,556	-	117,556
LIABILITIES:			
Accounts Payable	227,076	10,833	237,909
Accrued Expenses (Interest)	150,327		150,327
Unearned Revenue	11,865	2,636	14,501
Other Current Liabilities	245,671		245,671
Noncurrent Liabilities:			
Due Within One Year	429,909		429,909
Due Beyond One Year:			
Other Long Term Liabilities	2,022,319		2,022,319
Net Pension Liability	1,135,892		1,135,892
Total Liabilities	4,223,059	13,469	4,236,528
DEFERRED INFLOWS OF RESOURCES:			
Pensions	304,130		304,130
Total Deferred Inflows of Resources	304,130	-	304,130
NET POSITION:			
Net Investment in Capital Assets (Deficit)	(2,938,270)		(2,938,270)
Restricted for:			
Other Purposes	1,550,899		1,550,899
Unrestricted	7,148,400	115,737	7,264,137
Total Net Position	\$ 5,761,029	\$ 115,737	\$ 5,876,766

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

THE VILLAGE CHARTER SCHOOL
 Statement of Activities
 For The Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	2,596,546	966,865	\$ -	\$ 200,027	\$ -	\$ (3,363,384)	\$ -	\$ (3,363,384)
Administration	1,296,317	170,632		(36,665)		(1,503,614)		(1,503,614)
Support Services	1,928,551	418,104				(2,346,655)		(2,346,655)
Interest on Long Term Debt	81,507					(81,507)		(81,507)
Total Governmental Activities	5,902,921	1,555,601	\$ -	163,362	\$ -	(7,295,160)	\$ -	(7,295,160)
BUSINESS-TYPE ACTIVITIES:								
Food Service	359,639		11,585	319,934			(28,120)	(28,120)
Total Business-Type Activities	359,639		11,585	319,934			(28,120)	(28,120)
Total Primary Government	6,262,560		\$ 11,585	\$ 483,296	\$ -	\$ (7,295,160)	\$ (28,120)	\$ (7,323,280)
GENERAL REVENUES								
General Purposes			\$	498,057	\$	498,057	\$	498,057
Federal and State Aid Not Restricted				8,101,343		8,101,343		8,101,343
Investment Earnings				446		446		446
Miscellaneous Income				665,280		665,280	2	665,282
Total General Revenues				9,265,126		9,265,126	2	9,265,128
Change in Net Position				1,969,966		1,969,966	(28,118)	1,941,848
Net Position - Beginning of Year				3,791,063		3,791,063	143,855	3,934,918
Net Position - Ending			\$	5,761,029	\$	5,761,029	\$ 115,737	\$ 5,876,766

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

SECTION B – FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

GOVERNMENTAL FUNDS

THE VILLAGE CHARTER SCHOOL
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 3,013,349	\$ 6,021	\$ 3,019,370
Restricted	254,501		254,501
Receivables:			
Interfund Receivables	511,178		511,178
Receivables From Other Governments	19,086	523,549	542,635
Other Receivables	60,670		60,670
Prepaid Expenses			
Total Current Assets	3,858,784	529,570	4,388,354
Total Assets	\$ 3,858,784	\$ 529,570	\$ 4,388,354
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 511,178	\$ 511,178
Accounts Payable	226,570	506	227,076
Unearned Revenue		11,865	11,865
Other Current Liabilities	245,671		245,671
Total Current Liabilities	472,241	523,549	995,790
Total Liabilities	472,241	523,549	995,790
Fund Balances:			
Restricted For:			
Charter School Escrow Reserve	1,050,759		1,050,759
Unemployment Compensation	-		
Student Activities		6,021	6,021
Assigned For:			
Designated for Health Benefit Reserve	500,000		500,000
Unassigned:			
General Fund	1,835,784		1,835,784
Total Fund Balances	3,386,543	6,021	3,392,564
Total Liabilities and Fund Balances	\$ 3,858,784	\$ 529,570	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$9,102,365 and the accumulated depreciation is \$2,808,879.			
			6,293,486
Long Term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
			(2,521,048)
Short-term liabilities, including accrued interest on long-term debt, are not due and payable in the current period and therefore are not reported as liabilities in the funds			
			(81,507)
Net pension liability of \$1,135,892, deferred inflows of resources of \$304,130 less deferred outflows of resources of \$117,556 related to pensions are not reported in the governmental funds			
			(1,322,466)
Net Position of Governmental Activities			\$ 5,761,029

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

THE VILLAGE CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	498,057	\$ -	\$ 498,057
Interest on Investments	446		446
Contributions/Donations	7,376		7,376
Admissions			
Revenue from Community Services Activities			
Miscellaneous	643,926	13,978	657,904
Total Local Sources	1,149,805	13,978	1,163,783
Intermediate Sources			
State Sources	6,713,246	45,708	6,758,954
Federal Sources	116,377	1,426,039	1,542,416
Total Revenues	7,979,428	1,485,725	9,465,153
EXPENDITURES:			
Current:			
Instruction	2,371,126	698,034	3,069,160
Administration	2,766,311		2,766,311
Support Services	946,592	493,788	1,440,380
Capital Outlay	1,074,428	288,022	1,362,450
Total Expenditures	7,158,457	1,479,844	8,638,301
NET CHANGE IN FUND BALANCES	820,971	5,881	826,852
FUND BALANCES, JULY 1	2,565,572	140	2,565,712
FUND BALANCES, JUNE 30	\$ 3,386,543	\$ 6,021	\$ 3,392,564

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

THE VILLAGE CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 And Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Fiscal Year Ended June 30, 2023

Total net change in fund balances - governmental fund (from B-2)	\$	826,852
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	\$ (271,591)	
Capital Outlay	<u>945,228</u>	673,637
<p>Repayment of mortgage principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		417,222
<p>In the statement of activities, interest on mortgage debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest net is an addition in the reconciliation.</p>		
		(81,507)
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>		
		<u>133,762</u>
Change in net position of governmental activities	\$	<u><u>1,969,966</u></u>

The accompanying Notes to Basic Financial Statements are integral part of this statement.

PROPRIETARY FUNDS

THE VILLAGE CHARTER SCHOOL
 Proprietary Fund
 Statement of Net Position
 June 30, 2023

	Business-Type Activities
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents:	
Cash and Cash Equivalents	\$ 80,090
Receivables From Other Governments	21,061
Other Receivables	13,244
Inventories	14,811
Prepaid Expenses	
	129,206
Total Current Assets	129,206
Total Assets	\$ 129,206
LIABILITIES:	
Current Liabilities:	
Accounts Payable	10,833
Unearned Revenue	2,636
	13,469
Total Current Liabilities	13,469
Total Liabilities	13,469
NET POSITION:	
Unrestricted	115,737
Total Net Position	115,737
Total Liabilities and Net Position	\$ 129,206

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

THE VILLAGE CHARTER SCHOOL
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities Enterprise Fund
	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ -
Daily Sales Non-reimbursable Program	11,585
	11,585
Total Operating Revenues	11,585
OPERATING EXPENSES:	
Salaries	134,743
Purchased Prof/Tech Services	-
Other Purchased Services	16,275
Supplies and Materials	-
Cost of Sales- Reimbursable Programs	186,524
Cost of Sales- Non-Reimbursable Programs	-
Miscellaneous Expenses	22,097
	359,639
Total Operating Expenses	359,639
OPERATING LOSS	(348,054)
NONOPERATING REVENUES:	
Miscellaneous Income	2
State Source:	
State Lunch Program	40,025
Federal Source:	
Federal Breakfast Program	61,762
Federal Lunch Program	182,711
Federal P-EBT	7,649
U.S.D.A. Commodities	27,787
	319,936
Total Nonoperating Revenues	319,936
CHANGE IN NET POSITION	(28,118)
TOTAL NET POSITION, JULY 1	143,855
TOTAL NET POSITION, JUNE 30	\$ 115,737

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

THE VILLAGE CHARTER SCHOOL
 Proprietary Funds
 Statement of Cash Flows
 For The Fiscal Year Ended June 30, 2023

	Business-Type Activities
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	11,585
Cash Payments to Suppliers and Employees	(367,236)
Net Cash Used by Operating Activities	(355,651)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	319,934
Miscellaneous Income	2
Net Cash Provided by Noncapital Financing Activities	319,936
Net Decrease in Cash and Cash Equivalents	(35,715)
Cash and Cash Equivalents, July 1	115,805
Cash and Cash Equivalents, June 30	\$ 80,090
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss Used for Operating Activities	\$ (348,054)
Depreciation	
Changes in Assets and Liabilities:	
Decrease in Interfund Accounts Receivable	
Decrease in Inventory	(8,256)
Increase in Intergovernmental Accounts Receivable	659
Increase in Other Receivables	-
Increase in Accounts Payable	-
Net Cash Used by Operating Activities	\$ (355,651)

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) of the Board of Trustees (Board) of The Village Charter School (the "School") report information on all the non-fiduciary activities of the primary government only. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The School is not financially accountable for any legally separate component units, and no component units have been included in the government-wide financial statements.

The more significant of the Charter School's accounting policies are described below.

B. Reporting Entity

The Charter School is an instrumentality of the State of New Jersey, established to function as an educational institution. The School consists of volunteer officials and is responsible for the fiscal control of the Charter School. A Head of School is appointed by the Board and is responsible for the administrative control of the Charter School. The purpose of the Charter school is to educate students in grade K-8. The Charter School had an approximate enrollment at June 30, 2023 of 357 students.

The primary criterion for including activities within the Charter School reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Charter School holds the corporate powers of the organization
- the Charter School appoints a voting majority of the organization's Board
- the Charter School is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Charter School
- there is a fiscal dependency by the organization on the Charter School

Based on the aforementioned criteria, the Charter School has no component units. Furthermore, the Charter School cannot be included in any other reporting entity on the basis of such criteria.

On June 25, 1998, the School was granted 501(c)(3) status as a non-profit. They are required to file Federal form 990 on a yearly basis.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds a fiduciary, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activities has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the School's funds. Separate statements for each category – governmental and proprietary. – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The School reports the following major governmental funds:

General Fund – The general fund is the general operating fund of the Charter School. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Charter School includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, local property taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – Fund Financial Statements (Continued)

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Permanent Fund – The Permanent Fund is used to report resources that are legally restricted to the extent that only earning, and not principal, may be used for purposes that support the Charter School Programs.

The Charter School reports the following major enterprise funds:

Food Service Fund – The Food Service Fund is used to account for the activities of the cafeteria operations of the School.

The School also reports the following Fiduciary fund types:

Agency Fund – The Agency Fund is used to account for assets held by the School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

Employee Benefit Trust (Unemployment Insurance) – Employee Benefit Trust should be used to report resources that are required to be held in trust for members and beneficiaries of employee benefit plans.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 – Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local government, including New Jersey school districts and their charter schools. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, or FY2020-2021. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

After considering the criteria and guidance, it was determined that Payroll, Payroll Agency, and Unemployment Compensation Insurance (Fund 60), previously reported as fiduciary funds, that such activities are more appropriately reported in a general fund (Fund 10). Additionally, the charter school previously reported the activity of the Student Activity (Fund 90) as a fiduciary fund. Beginning in fiscal year 2020-2021, such activity are more appropriately reported in a special revenue fund (Fund 20).

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measure, such as current financial resources or economic resources. The basis of accounting refers to the timing transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met. State categorical aid revenues are recognized as School revenue during the fiscal period in which they are appropriated.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual basis accounting. General capital asset acquisitions are recorded as expenditures in the governmental funds and are not capitalized.

Entitlements are recorded as revenue when all eligibility requirements, including timing of funding appropriations, are met, subject to the 60-day availability requirement for collection. Interest and tuition revenues are considered susceptible to accrual and have been recognized as revenues of the current fiscal period, subject to availability. Expenditures driven grant revenues are recorded as qualifying expenditures are incurred and all other eligibility requirements have been met, subject to availability requirements. All other revenue items are considered measurable and available only when cash is received by the School.

The School's proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

F. Budgets/Budgetary Control

Annual budgets are adopted for the general, and special revenue using a regulatory basis of accounting which differs from generally accepted accounting principles in one material respect; Budgetary revenues for certain non-exchange state aid transactions are recognized for budgetary purposes in the fiscal period prior to the period in which the state recognizes expenditures/expenses. The amounts of the adjustments needed to reconcile the budgetary basis to the GAAP based fund financial statement is set forth in the explanation of differences schedules, which follow.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

Annual appropriated budgets are prepared in the spring of each year for the general fund. The budgets are submitted to the state for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. New Jersey statues place limits on the undesignated fund balance and required the School to obtain additional approvals when budgetary transfers, measured using the advertised budgetary account totals rather than line-item totals, exceed certain thresholds. The School did not make any supplemental budgetary appropriations during the fiscal year that required additional approvals from oversight agencies.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

Appropriations in the general fund lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for good and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances, for which the contracted performance is expected during the subsequent budget cycle, are legally restricted at year end and are automatically re-appropriated and become part of the subsequent years' budget pursuant to state regulations.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting:

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

	2023	2022
Total Revenues & Expenditures (Budgetary Basis)	\$ 1,479,844	\$ 1,269,607
Adjustments:		
Less Encumbrances at June 30, 2023	-	-
Plus Encumbrances at June 30, 2022	-	-
Total Revenues and Expenditures (GAAP Basis)	\$ 1,479,844	\$ 1,269,607

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

G. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey Charter Schools are limited as the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investment that may be purchased by New Jersey Charter Schools.

Additionally, the Charter School has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. established the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. GUDPA was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Investments (Continued)

Under the new law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for well capitalized institutions to a maximum of 120% collateral for critically undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. If a public depositories, is available to pay the full amount of their deposits to Governmental Units.

H. Tuition Revenue

Tuition revenues for the fiscal year 2022-2023 were based on contractual per pupil rates established by and between the sending and receiving schools. These rates are not subject to change except through amendatory contracts.

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditures in the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond June 30, 2023 are recorded as prepaid items in both the government-wide and fund financial statements.

J. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods and services rendered to/from a particular fund in the Charter school and that are due within one year.

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost of assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Charter School maintains a threshold level of \$2,000 or more of initial, individual cost of capitalizing capital assets. The system for accumulation of fixed assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost.

Capital Assets are recorded in the Entity-wide financial statements, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

purpose by the Charter School, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20-50 years for land improvements and buildings, and 5 to 15 years for equipment.

The Charter School does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of building or other improvable property.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund: Equipment	5-20 Years
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L. Compensated Absences

School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. However, school employees are not permitted to accrue vacation or sick time.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net pension of the State of New Jersey Public Employees' Retirement System (PERS) and additions to/deductions from the PERS's fiduciary net position have been determined on the same basis as they are reported by the PERS. For this purpose, (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Other Post-Employment Benefits

Pursuant to State Statute, the State Health Benefits Local Education Retirees Employees plan was established to oversee the funding and payment of post-employment medical benefits for eligible LEA employees. This plan is a multi-employer defined benefit OPEB Plan that is administered on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75. The Plan is a "Special Funding Situation" as defined in GASB Statement No. 75 as the State of New Jersey is solely responsible for funding the Plan's obligations (net of employee contributions).

Accordingly, no net OPEB liability is reported on the School's Statement of Net Position. In the Statement of Activities, the School reports an annual OPEB expense and corresponding revenue, equal to the allocated expense of the School as reported by the State.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Post-Employment Benefits (Continued)

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The School is reporting three items in this category: Pension related items including the Change in Pension Assumptions; Change in Pension Proportion and the amounts of pension payments made by the School subsequent to the pension measurement date. Deferred Outflows for Changes in Pension Assumptions future outflows of resources resulting from changes in actuarial assumptions used in the valuation of the pension liability. Deferred outflows for Subsequent pension payments reflects payments made by the School to the pension system subsequent to the date of the most recent measurement period, which was June 30, 2022. Change in pension proportion represents the unfavorable impact of the incline in the School's proportionate share of system wide net pension liability.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflow of resources. This separate financial statement element represents the acquisition of net position that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The School is reporting one pension related items in this category, the Difference in Pension Earnings. This represents the School's proportionate share of plan earnings in excess of assumed amounts.

P. Unearned Revenue/Advances from Grantors

Unearned revenue represents cash advances received relating to services (expenditures/expenses) that will be provided in a subsequent fiscal period. Similarly, for expenditure-driven grants, amounts advanced to the School in excess of the amounts expended and earned are recorded as advances from grantors.

Q. Net Position Flow Assumption (School-Wide and Proprietary Fund Financial Statements)

Periodically, the School may fund outlays for a particular purpose from both restricted resources such as bond referendum proceeds and/or grant proceeds, and unrestricted resources. To determine the amounts of net position – restricted and unrestricted that should be reported in the government-wide and proprietary fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirement to the contrary, the School policy is to utilize all amounts of available restricted net position prior to applying unrestricted net position to fund acquisition costs.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position Flow Assumption (School-Wide and Proprietary Fund Financial Statements) (Continued)

in which resources are considered to be applied. In the absence of specific grant compliance requirement to the contrary, the School policy is to utilize all amounts of available restricted net position prior to applying unrestricted net position to fund acquisition costs.

R. Fund Balance Flow Assumption (Government Fund Financial Statement)

Periodically, the School may fund outlays for a particular purpose from both restricted resources and unrestricted resources (the total of the committed, assigned and unassigned fund balance). To determine the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the School policy is to utilize all amounts of available restricted fund balance prior to applying any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance applied last.

S. Fund Balance Policies

Fund balance of the governmental funds is reported in various categories based upon the nature of any limitations requiring the use of resources for specific purposes. The School itself can establish limitations on the use of resources through actions to transfer amounts to legally restricted reserve accounts (capital, maintenance and emergency reserves), or actions to commit or assign fund balance.

The committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Trustees. Commitments of fund balance remain in place until the committed fund balance is fully deleted or an amendatory action is taken by the Board of Trustees.

Assignments of fund balance are made by the Board of Trustees for specific purposes that do not meet the criteria to be classified as committed. The Board of Trustees also assigns fund balance when it appropriates unrestricted/unassigned fund balance to bridge a gap between estimated revenue and appropriations in the subsequent year budget. Unlike commitments, assignments are generally temporary in nature, and additional actions of the Board are generally not required to remove an assignment, whereas an action of the Board is essential to the modification or elimination of an unexpended committed fund balance.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. School-Wide Financial Statement Classifications

1. Program Revenues – Amounts reported as program revenues include: a) charges to customers or applicants who purchase, use or benefit from goods services or privileges provided by a given function or segment, and; b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment.

General Revenues – all taxes, including those designated for specific purposes such as debt service, are reported as general revenues. All other resources, including internally dedicated resources, unrestricted entitlements, and investment income are reported as general revenues.

2. Capital Assets – In the statement of net position, capital assets are reported, net of accumulated depreciation as assets of the governmental activities and business-type activities.
3. Long-term Debt – In the statement of net position, long-term debt is reported as a component of long-term liabilities of the governmental activities and business-type activities.
4. Net Investment in capital Assets – In the statement of Net Position, the net undepreciated value of capital assets, less the value of outstanding debt issued to purchase acquire or build those capital assets, is reported as Net Investment in capital assets as a component of net position for the governmental activities and business-type activities.
5. Restricted Fund Balance includes amounts that can be spend only for the specific purpose stipulated by constitution, external resource provides, or through enabling legislation.

U. Proprietary Fund Operating and Non-Operating Revenues and Expenses

Proprietary funds distinguished operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and products in connection with the primary purpose of function for which the fund was established. The School's Food Service proprietary fund reports operating revenues from the sales of lunches and a la carte items, and operating expenses include the costs of sales (food, supplies, and labor), administrative costs and depreciation on capital assets. Revenues earned through the School's Lunch Program (NSLP) would be classified as non-operating revenues, notwithstanding the limitations on the pricing of Type A student lunches that is required for program participation.

V. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Impact of Recently Issued Accounting Policies

The GASB has adopted the following as of June 30, 2022:

GASB No. 96, Subscription-Based Information Technology Arrangements (SBITA), is effective with the fiscal year ending June 30, 2023. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

As of June 30, 2023, the entity's SBITAs were all 12 months or less and so the entity was exempt from reporting under this pronouncement.

The Charter School will evaluate the impact each of the pronouncements below may have on its financial statements and will implement them as applicable and when material:

- GASB Statement No. 100, Accounting Changes and Error Corrections, effective for the year ending June 30, 2024.
- GASB Statement No. 101, Compensated Absences, effective for the year ending June 30, 2025.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Village Charter School had the following depository accounts. All deposits are carried at cost plus accrued interest.

	General Fund	Special Revenue	Proprietary Fund	Total
Operating Account	\$ 3,267,850	\$ 6,021	\$ 80,090	\$ 3,353,961

Custodial Credit Risk: Deposits – Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2023, \$0.00 of the School's bank balance of \$3,353,961 was exposed to custodial risk. (See Note 1G relating to statutory mitigation of custodial risk in the event of a bank failure).

The carrying amount of the Board's cash and cash equivalents at June 30, 2023 was \$3,353,961 and the bank balance was \$3,193,163. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

As of June 30, 2023, the Charter School held no investments.

New Jersey Cash Management Fund – All investments in the fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer nevertheless, the possibility always exists, and for the reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the council regulations, the Division sets further standards for specific investment and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2023, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: DISCLOSURE OF THE INFORMATION ABOUT CAPITAL ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position-governmental activities as reported in the District-wide statement of net position. One item of that reconciliation explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. An addition to the fund balance – total governmental funds is made to reflect to carrying value of the School’s capital assets of year-end in the District-wide financial statements, which consisted of: Total Capital Assets at cost of \$8,538,094, less accumulated depreciation of \$2,808,879.

Government Activities Capital Assets, Net

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land and Land Improvements	564,271	\$ -	\$ -	\$ 564,271
Total Capital Assets Not Being Depreciated	<u>564,271</u>	<u>-</u>	<u>-</u>	<u>564,271</u>
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	6,853,398	876,108	\$ -	\$ 7,729,506
Machinery and Equipment	739,468	69,120	-	808,588
Total Capital Assets Being Depreciated	<u>7,592,866</u>	<u>945,228</u>	<u>-</u>	<u>\$ 8,538,094</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	1,873,147	256,432	-	2,129,579
Machinery and Equipment	664,141	15,159	-	679,300
Total Accumulated Depreciation	<u>2,537,288</u>	<u>271,591</u>	<u>-</u>	<u>2,808,879</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>5,055,578</u>	<u>673,637</u>	<u>-</u>	<u>5,729,215</u>
Government Activity Capital Assets, Net	<u>\$ 5,619,849</u>	<u>\$ 673,637</u>	<u>\$ -</u>	<u>\$ 6,293,486</u>

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: DISCLOSURE OF THE INFORMATION ABOUT CAPITAL ASSETS

Government Activities Capital Assets, Net (Continued)

Note: Certain adjustments were made to agree physical inventory of capital assets at June 30, 2023.

Depreciation expense was changed to governmental functions as follows:

Depreciation Expense:	
Instructional	\$ 225,420
Administration	36,665
Support	9,506
Total	<u>\$ 271,591</u>

NOTE 4: RECEIVABLES

Receivables at June 30, 2023, consisted of accounts, intergovernmental, grants and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Funds		Total Governmental Activities	Proprietary Fund	Total		Total
	General Fund	Special Revenue Fund		Food Service Fund	Business Type Activities		
	\$	\$		\$	\$	\$	
State Awards	19,086	-	19,086	756	756	-	19,842
Federal Awards	-	523,549	523,549	20,305	20,305	-	543,854
Other	27,367	-	27,367	13,244	13,244	-	40,611
Gross Receivables	46,453	523,549	570,002	34,305	34,305	-	604,307
Less: Allowance for Uncollectibles	33,303	33,303	66,606	-	-	-	-
Total Receivables, Net	<u>\$ 13,150</u>	<u>\$ 490,246</u>	<u>\$ 503,396</u>	<u>\$ 34,305</u>	<u>\$ 34,305</u>	<u>\$ 34,305</u>	<u>\$ 604,307</u>

NOTE 5: LONG TERM LIABILITIES

On October 2, 2013, The Village Charter School entered into a mortgage agreement with the New Jersey Economic Development Authority for \$6,000,000. The mortgage has monthly principal and interest payments of \$41,560.75 and a fifteen (15) year amortization schedule bearing a fixed annual interest rate of 3.00%. Payments commenced on October 16, 2013 with the last payment due on October 16, 2028.

Long-term liability for the fiscal year ended June 30, 2023, was as follows:

	Balance July 01, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
Mortgage Payable	2,869,450	\$ -	417,222	\$ 2,452,228	\$ 429,909
Sub-total Mortgage Payable	2,869,450	-	417,222	2,452,228	429,909
Net Pension Liability	727,329		(408,563)	\$ 1,135,892	-
Total	<u>\$ 3,596,779</u>	<u>\$ -</u>	<u>\$ 8,659</u>	<u>\$ 3,588,120</u>	<u>\$ 429,909</u>

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5: LONG TERM LIABILITIES (CONTINUED)

For the governmental activities, the liabilities for net pension liability are generally liquidated by the general fund.

NOTE 6: PENSION PLANS

Substantially all the Board's employees participate in one of the two contributory, defined benefit public employee systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. In addition, certain employees may participate in the Defined Contribution Retirement Program (DCRP).

A. Public Employee's Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

Tier	Descriptions
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS (CONTINUED)

Public Employee's Retirement System (PERS) (Continued)

Benefits Provided (Continued)

Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295 Trenton, New Jersey 08625-0925.

Basis of Presentation

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedule) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedule were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimated, actual results could differ from those estimates.

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ration of the contributions of an individual employer to the total contributions to PERS during the measurement period July 01, 2021 through June 30, 2022. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS (CONTINUED)

Public Employee's Retirement System (PERS) (Continued)

Allocation Methodology and Reconciliation to Financial Statements (Continued)

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2022 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2023.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The state's pension contributions is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022 measurement date, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment amounts certified for payments due not be included in their unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. The Charter School contributions to PERS amounted to \$ 84,959 for fiscal year 2023.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS (CONTINUED)

Public Employee’s Retirement System (PERS) (Continued)

Pension Liabilities Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Charter School reported a liability of \$1,016,732 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 which was rolled forward to June 30, 2023. The Charter School’s proportion of the net pension liability was based on a projection of the Charter School’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022 measurement date, the Charter School’s proportion was 0.00673717%, which was an increase of 0.00059756% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the Charter School recognized pension expense of \$ 214,969 . At June 30, 2023, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 3,150	\$ 152,245
Difference Between Expected and Actual Experience	7,338	6,471
Changes in Proportion	194,996	145,414
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments	42,082	0
	\$ 247,566	\$ 304,130

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for the 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

Amounts reported as deferred outflows of resources and deferred inflows resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS (CONTINUED)

Public Employee's Retirement System (PERS) (Continued)

Changes in Proportion

Fiscal Year Ending June 30,	Total
2023	\$ (46,475.36)
2024	(23,678)
2025	(11,547)
2026	25,191
2027	(55)
	\$ (56,564)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 01, 2021 which was rolled forward to June 30, 2022. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
	2.75-6.55% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2022.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS (CONTINUED)

Public Employee's Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 01, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS (CONTINUED)

Public Employee's Retirement System (PERS) (Continued)

Discount Rate

In accordance with State statute, the long-term return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 6: PENSION PLANS (CONTINUED)

Public Employee's Retirement System (PERS) (Continued)

Discount Rate

	Measurement Date June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 1,317,265	\$ 1,025,343	\$ 776,905

	Measurement Date June 30, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 1,001,033	\$ 735,082	\$ 509,386

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the New Jersey PERS.

A. Teacher's Pension Annuity Fund (TPAF)

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible fund 100% of the employer contributions, excluding any local employer early retirement

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS (CONTINUED)

Teacher’s Pension Annuity Fund (TPAF) (Continued)

incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division’s Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefit Provided

The vesting and benefit provision are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested of 2% of related interest earned on the contributions. In the case of death before retirement, member’s beneficiaries are entitled to full interest credited to the member’s accounts. The following represents the membership tiers for TPAF:

Tier	Descriptions
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits 1/55th of final average salary each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reach age 62 and to Tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources,

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Allocation Methodology (Continued)

collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2020 measurement date. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contributions policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2023 measurement date, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended 2023, the State of New Jersey contributed to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 99,891 .

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Special Funding Situation (Continued)

As June 30, 2023, the State's proportionate share of the net pension liability associated with the Charter School was \$886,204. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 which was rolled forward to June 30, 2022.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022 measurement date, Charter School's proportion was 0.0211744%, which was a decrease of -0.0016027% from its proportion measured as of June 30, 2021.

Charter School's Proportionate Share of the Net Pension Liability	\$	-
State's Proportionate Share of the Net Pension Liability Associated with the Charter School		<u>10,924,829</u>
Total	\$	<u>10,924,829</u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the Charter School in the amount of \$ 886,204 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Changes in Assumptions	\$ 3,013,097,864	\$ 19,441,140,477
Difference Between Expected and Actual Experience	699,820,974	122,664,916
Changes in Proportion and differences between employer contributions and proportionate share of contributions	118,969,401	118,969,401
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>1,172,371,073</u>	<u>-</u>
	<u>\$ 5,004,259,312</u>	<u>\$ 19,682,774,794</u>

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS (CONTINUED)

Teacher’s Pension Annuity Fund (TPAF) (Continued)

Special Funding Situation (Continued)

The \$\$5,004,259,312 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$\$19,682,774,794 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year Ending June 30,	Total
2022	\$ (2,658,825,381)
2023	(3,823,762,872)
2024	(3,351,102,048)
2025	(1,509,375,379)
2026	(1,647,727,819)
Thereafter	(1,687,721,983)
	(14,678,515,482)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wages	3.25%
Salary Increases:	
	2.75 - 5.65%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2022.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 01, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF target asset allocation as of June 30, 2022 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2022. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2022 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement Date June 30, 2022			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 12,829,995	\$ 10,942,228	\$ 9,352,022

Measurement Date June 30, 2021			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 12,980,353	\$ 10,970,854	\$ 9,283,001

Pension Plan Fiduciary Net Position – TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) Continued

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

For the year ended June 30, 2023 the School's total payroll for all employees was \$2,858,295. Total DCRP covered payroll was \$32,771. Covered payroll refers to all compensation paid by the School to active employees covered by the Plan. School and employee contributions to the DCRP for the year ended June 30, 2023 were \$983.13.

NOTE 7: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

The School is in a "special funding situation", as described in GASB Statement No. 75 in that OPEB contributions and expense are legally required to be made by and are the sole responsibility of the State of New Jersey.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (Continued)

Plan Description and Benefits Provided (Continued)

administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP).

Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers. As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity.

Employees covered by benefit terms:

At June 30, 2022 the OPEB plans measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted for the following members:

Active plan member								213,901
Inactive plan members or beneficiaries currently receiving benefits								150,427
Inactive plan members entitled to but not yet receiving benefit payments								-
	Total							<u>364,328</u>

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (Continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%			
		TPAF/ABP	PERS	PFRS
Salary Increases				
Through 2026		2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%
		based on service	based on service	based on service
		years	years	years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2023. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2023.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies for the periods July 1, 2018- June 30, 2021 for TPAF, PERS and PFRS.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

GENERAL INFORMATION ABOUT THE OPEB PLAN (CONTINUED)

Discount rate

The discount rate for June 30, 2022 measurement date was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

The table below summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the Charter School for the fiscal year ended June 20, 2023

				Total OPEB Liability
Balance at June 30, 2022				\$ 5,562,265
Service cost				568,581
Interest on Total OPEB Liability				119,369
Effect on Changes of Benefit Terms				-
Difference between expected and actual experience				(423,129)
Effect of Changes of Assumptions				(1,208,323)
Effect of Changes of Proportion				-
Contributions - Employee				3,793
Gross Benefits Paid by the State				(118,239)
		Net Changes		(1,057,948)
Balance at June 30, 2023				4,504,317

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate:

The following presents the total nonemployer OPEB liability measured as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Measurement Date Ended June 30, 2022		
	At 1%	At current	At 1%
	Decrease (1.16%)	discount rate (2.16%)	Increase (3.16%)
Total OPEB Liability	\$ 5,294,351	\$ 4,504,317	\$ 3,871,144

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

GENERAL INFORMATION ABOUT THE OPEB PLAN (CONTINUED)

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate:

The following presents the total nonemployer OPEB liability measured as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	Measurement Date Ended June 30, 2022		
	At 1% decrease	Trend Rate	At 1% Increase
	Total OPEB Liability	\$ 3,723,093	\$ 4,504,317

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023 the Charter School recognized OPEB revenue and expense of \$863,927 in the government-wide financial statements for the State's proportionate share of the OPEB Plan's OPEB expenses, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2022 measurement date.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At the measurement date of June 30, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between Actual and Expected Experience	\$ 804,199.26	\$ (1,372,552)
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes	779,583	(3,112,495)
Sub Total	1,583,782	(4,485,047)
Contributions Made in Fiscal Year 2021 after June 30, 2022 Measurement Date	N/A	N/A
Total	1,583,782	(4,485,047)

Amounts reported as deferred outflows of resources and deferred inflows of resources related OPEB will be recognized in OPEB expense as follows:

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Measurement Period ending June 30	
2023	\$ (228,669)
2024	\$ (228,669)
2025	\$ (228,669)
2026	\$ (193,477)
2027	\$ (110,633)
Total Thereafter	\$ (348,752)
	\$ (1,338,869)

NOTE 8: COMPENSATED ABSENCES

School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School’s personnel policy. However, school employees are not permitted to accrue vacation or sick time.

NOTE 9: DEFERRED COMPENSATION

The School offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is administered by Equitable Financial Companies, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 10: RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omission; injuries to employees; and natural disasters.

Property and Liability Insurance

The Charter School is a member of the New Jersey School Insurance Group (the “Group”). This public entity risk management pool provides general liability, property, and automobile coverage and workers’ compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State.

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 511,178	\$ -
Special Revenue Fund		511,178
Proprietary Fund		
Total	\$ 511,178	\$ 511,178

NOTE 12: OTHER LIABILITIES

With the purchase of the school property the mortgage contained a covenant that required the Village Charter School to maintain an escrow account in the amount of \$250,000 for the demolition and/or remediation expense required on the property and miscellaneous liabilities of \$9,121 .

NOTE 13: OTHER RESERVES

On June 23, 2011, the Board of Trustees established a Maintenance Reserve Account in the amount of \$ \$500,000 . The activity for the July 01, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance July 1, 2022	\$	700,759
2022-2023 Budget Appropriation		350,000
Ending Balance June 30, 2023	\$	1,050,759

NOTE 14: INVENTORY

Inventory in the Food Service Fund at June 30, 2023 consisted of the following:

Food	\$14,811
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**THE VILLAGE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 15: FUND BALANCE APPROPRIATED

General Fund (B-1)

Of the \$3,386,543 of General Fund balance at June 30, 2023, \$1,050,759 has been restricted in the Maintenance Reserve. \$500,000 is designated for Health Benefit Reserve and \$1,835,784 is unassigned for General Funds..

NOTE 16: DEFICIT FUND BALANCES

The Charter School did not have any deficit fund balances at June 30, 2023 that would have been reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, Charter Schools must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for Charter Schools to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the Charter School can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable.

Pursuant to *N.J.S.A. 18A:22-44.2* any negative unassigned general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action.

NOTE 17: PENDING LITIGATION

As at the date of this report, there was no litigation pending which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the The Village Charter School.

NOTE 18: CONTINGENCY

Charter School depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Charter School is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations

NOTE 19: SUBSEQUENT EVENTS

Subsequent events were evaluated through November 28, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

THE VILLAGE CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
"Local Levy" Local Share - Charter School Aid	\$ 486,268	\$ 15,241	\$ 501,509	\$ 498,057	\$ (3,452)
Total Local Sources	486,268	15,241	501,509	498,057	(3,452)
Categorical Aid:					
"Local Levy" State Share - Charter School Aid	4,829,621	225,380	5,055,001	5,014,336	(40,665)
Special Education	176,680	27,040	203,720	200,027	(3,693)
Security Aid	169,437	18,472	187,909	185,728	(2,181)
Non-Public Student Aid					
Total Categorical Aid	5,175,738	270,892	5,446,630	5,400,091	(46,539)
Revenues From Other Sources:					
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				179,434	179,434
On Behalf Pension Aid (Non-Budgeted)				897,347	897,347
On Behalf Post Retirement Medical Aid (Non-Budgeted)				235,731	235,731
On Behalf Long-Term Disability Insurance Aid (Non-Budgeted)				643	643
Contributions/Donations	12,500		12,500	7,376	(5,124)
Interest Income	3,700		3,700	446	(3,254)
Miscellaneous Revenue				760,303	760,303
Total Revenues From Other Sources	16,200	-	16,200	2,081,280	2,065,080
Total Revenues	5,678,206	286,133	5,964,339	7,979,428	2,015,089
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,164,597	(100,804)	1,063,793	1,046,385	17,408
Kindergarten - Salaries of teachers	119,560	9,305	128,865	128,864	1
Grades 1-5 - Salaries of teachers	612,341	(13,730)	598,611	598,607	4
Other Salaries for Instruction	191,952	(40,577)	151,375	150,340	1,035
Purchased Prof/Tech Services	99,350	(36,000)	63,350	63,236	114
Other Purchased Services	74,000	62,555	136,555	135,927	628
General Supplies	229,994	35,792	265,786	230,467	35,319
Textbooks	8,800	(4,720)	4,080	4,077	3
Miscellaneous	30,800	(17,500)	13,300	13,223	77
Total Instruction	2,531,394	(105,679)	2,425,715	2,371,126	54,589
Administration:					
Salaries - General Administration	393,400	(54,249)	339,151	339,150	1
Salaries of Secretarial/Clerical Assistants	427,812	3,418	431,230	431,216	14
Total Benefits Cost	486,709	12,651	499,360	478,665	20,695
Purchases Prof/Tech Services	52,850	81,822	134,672	134,661	11
Other Purchased Services	13,190	(495)	12,695	12,320	375
Communications/Telephone	50,095	(5,150)	44,945	44,562	383
Supplies and Materials	9,000	930	9,930	9,664	266
Miscellaneous Expenses	16,500	1,200	17,700	2,918	14,782
Total Administration	1,449,556	40,127	1,489,683	1,453,156	36,527

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

THE VILLAGE CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Support Services:					
Salaries	347,885	22,343	\$ 370,228	370,227	\$ 1
Purchased Prof/Tech Services	4,500		4,500		4,500
Cleaning, Repair, and Maintenance Services	234,650	28,331	262,981	262,110	871
Rental of Land and Buildings	510,750		510,750	81,507	429,243
Other Purchased Services	4,500	26,225	30,725	30,725	-
Insurance for Property, Liability and Fidelity	102,200	(11,346)	90,854	90,495	359
Supplies and Materials	32,600	(1)	32,599	24,183	8,416
Energy Costs (Heat and Electricity)	95,200		95,200	87,345	7,855
Total Support Services	1,332,285	65,552	1,397,837	946,592	451,245
(Continued from Prior Page)					
Capital Outlay:					
Instructional Equipment	1,500		1,500	657,206	(655,706)
Mortgage Payments-Principal				417,222	(417,222)
Total Capital Outlay	1,500	-	1,500	1,074,428	(1,072,928)
Reimbursed TPAF Social Security					
Contributions (Non-Budgeted)	-	-	-	179,434	(179,434)
On Behalf Pension Contributions (Non-Budgeted)				897,347	(897,347)
On Behalf Post-Retirement Medical Contributions (Non-Budgeted)				235,731	(235,731)
On Behalf Long-Term Disability Insurance Contributions (Non-Budgeted)				643	(643)
Total Expenditures	5,314,735	-	5,314,735	7,158,457	(1,607,348)
Excess (Deficiency) of Revenues Over (Under) Expenditures	363,471	286,133	649,604	820,971	171,367
FUND BALANCE, JULY 1	2,565,572	-	2,565,572	2,565,572	-
FUND BALANCE, JUNE 30	\$ 2,929,043	\$ 286,133	\$ 3,215,176	\$ 3,386,543	\$ 171,367
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ 2,929,043	\$ 286,133	3,215,176	\$ 3,386,543	\$ 171,367
Total	\$ 2,929,043	\$ 286,133	\$ 3,215,176	\$ 3,386,543	\$ 171,367

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

THE VILLAGE CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 2,021,684	\$ -	\$ 2,021,684	\$ 1,426,039	\$ (595,645)
State Sources	54,232		54,232	45,708	(8,524)
Local Sources	3,341		3,341	13,978	10,637
Total Revenues	2,079,257	-	2,079,257	1,485,725	(593,532)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	623,948	-	623,948	355,852	268,096
Other Salaries for Instruction	120,582	-	120,582	180,991	(60,409)
Purchased Prof/Tech Services	140,000	-	140,000	84,402	55,598
General Supplies	78,627	-	78,627	76,789	1,838
Total Instruction	963,157	-	963,157	698,034	265,123
Support Services:					
Salaries of Supervisors of Instruction	312,883	-	312,883	131,741	181,142
Personal Services - Employee Benefits	353,778	-	353,778	237,672	116,106
Other Purchased Professional Services	66,239	-	66,239	36,479	29,760
Other Purchased Services	84,445	-	84,445	79,799	4,646
Supplies and Materials	2,768	-	2,768		2,768
Miscellaneous Expenditures			-	8,097	(8,097)
Total Support Services	820,113	-	820,113	493,788	326,325
Capital Outlay:					
Instructional Equipment	55,481	-	55,481	55,473	8
Non-Instructional Equipment	237,165	-	237,165	232,549	4,616
Mortgage Payments-Principal		-	-		-
Total Capital Outlay	292,646	-	292,646	288,022	4,624
Total Expenditures	2,075,916	-	2,075,916	1,479,844	596,072
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 3,341	\$ -	\$ 3,341	\$ 5,881	\$ (2,540)

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

THE VILLAGE CHARTER SCHOOL
 Budgetary Comparison Schedule
 Budget-To-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2023

Note A - Explanation of differences between Budgetary Inflows and GAAP Revenues and Expenditures

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1]	\$ 7,979,428	[C-2]	1,485,725
 Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				-
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	\$ 7,979,428	[B-2]	\$ 1,485,725
 Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 7,158,457	[C-2]	1,479,844
 Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.				-
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 7,158,457	[B-2]	\$ 1,479,844

REQUIRED SUPPLEMENTARY INFORMATION – PART III

***SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS (GASB 68)***

THE VILLAGE CHARTER SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Charter School's proportion of the net pension liability	0.57880799%	0.72916123%	0.81942900%	0.971762580%	0.848127990%	0.722475800%	0.005063400%	0.006076240%	0.006139613%	0.006737174%
Charter School's proportionate share of the net pension liability	\$ 1,106,217	\$ 1,365,489	\$ 1,839,456	\$ 2,878,082	\$ 1,974,306	\$ 1,422,519	\$ 912,348	\$ 990,876	\$ 727,329	\$ 1,016,732
Charter School's covered employees payroll (Plan Measurement Date)	\$ 597,780	\$ 635,767	\$ 572,204	\$ 505,506	\$ 391,667	\$ 428,431	\$ 440,053	\$ 499,047	\$ 608,884	\$ 770,296
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	185%	215%	321%	569%	504%	332%	207%	199%	119%	132%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%	40.14%	48.10%	53.60%	51.55%	53.60%	51.52%	62.91%

THE VILLAGE CHARTER SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 43,612	\$ 60,111	\$ 70,449	\$ 87,637	\$ 81,076	\$ 49,525	\$ 231,620	\$ 66,471	\$ 71,902	\$ 84,959
Contributions in relation to the contractually required contribution	(43,612)	(60,111)	(70,449)	(87,637)	(81,076)	(49,525)	(231,620)	(66,471)	(71,902)	(84,959)
Contribution deficiency/excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll (Fiscal Year)	\$ 597,780	\$ 635,767	\$ 572,204	\$ 505,506	\$ 391,667	\$ 428,431	\$ 440,053	\$ 499,047	\$ 608,884	\$ 770,296
Contributions as a percentage of covered payroll	7.30%	9.45%	12.31%	17.34%	20.70%	11.56%	52.63%	13.32%	11.81%	11.03%

THE VILLAGE CHARTER SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER'S PENSION AND ANNUITY FUND
 LAST TEN FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's proportion of the net pension liability attributable of the Charter School	0.0219371%	0.0214825%	0.0201668%	0.0206563%	0.02017700%	0.01932200%	0.02134400%	0.02185378%	0.02277718%	0.02117444%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 11,086,851	\$ 11,481,669	\$ 12,746,267	\$ 16,249,372	\$ 13,604,061	\$ 12,292,147	\$ 13,099,013	\$ 14,390,453	\$ 10,950,172	\$ 10,924,829
Charter School's covered employees payroll (Plan Measurement Date)	\$ 2,027,709	\$ 1,967,119	\$ 1,961,428	\$ 2,091,348	\$ 2,177,547	\$ 2,469,778	\$ 2,380,119	\$ 2,375,074	\$ 2,544,990	\$ 2,468,916
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	546.77%	583.68%	649.85%	776.99%	624.74%	497.70%	550.35%	605.89%	432.03%	461.17%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.64%	28.71%	22.33%	25.41%	26.49%	25.41%	26.95%	35.52%	35.52%

***SCHEDULE M - SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN
PENSIONS***

**The Village Charter School
Required Supplementary Information Schedules
Schedule of Changes in the Charter School's Net OPEB Liability and Related Ratios
Last Six Fiscal Years
(Unaudited)**

	Fiscal Years Ending						
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Total Non-Employer OPEB Liability- States's Proportionate Share of the Total OPEB Liability Associated with the Charter School							
OPEB Liability at Beginning of Measurement Period				3,814,302	3,833,706	6,808,206	5,562,265
Service cost		4,291,183	4,183,641	388,609	415,535	751,504	568,581
Interest on Total OPEB Liability		526,125	434,826	160,464	146,729	144,291	119,369
Effect on Changes of Benefit Terms		135,973	163,594			(5,920)	
Difference between expected and actual experience			(431,581)	(472,635)	1,283,544	(2,031,332)	(423,129)
Effect of Changes of Assumptions		(676,306)	(437,710)	57,161	1,243,625	5,488	(1,208,323)
Contributions - Employee		3,568	3,525	3,488	3,592	3,689	3,793
Gross Benefits Paid by the State		(96,902)	(101,993)	(117,683)	(118,525)	(113,661)	(118,239)
Net Change in Total OPEB Liability		(107,542)	(369,339)	19,404	2,974,500	(1,245,941)	(1,057,948)
OPEB Liability at Beginning of Measurement Period		4,291,183	4,183,641	3,814,302	3,833,706	6,808,206	5,562,265
Total OPEB Liability at End of Measurement Period	\$ 4,291,183	\$ 4,183,641	\$ 3,814,302	\$ 3,833,706	\$ 6,808,206	\$ 5,562,265	\$ 4,504,317

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

Differences Between Expected and Actual Experiences: The \$1,399,200,736 decrease in the liability from June 30, 2021 to June 30, 2022 is due the combined effect of the following:

Update in census information	\$ 1,102,043,610
Premium and Claims Experience	297,157,126
Total	\$ 1,399,200,736

Changes in Assumptions:

The \$13,586,368,097 decrease in the liability from June 30, 2021 to June 30, 2022 is due to the combined effect of the following:

Trend Update	\$ 1,934,312,842
Experience Study Update	\$ (2,690,739,174)
Discount Rate Change	\$ (12,829,941,765)
Total Changes in Assumption	\$ (13,586,368,097)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

THE VILLAGE CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2023

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate remained unchanged from 7.00% as of June 30, 2021 to 7.00% as of June 30, 2022 in accordance with Paragraph 44 of GASB Statement No. 67.

THE VILLAGE CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2023

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 7.00% as of June 30, 2021 to 7.00 % as of June 30, 2022 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

**SECTION E – SPECIAL REVENUE FUND
DETAIL STATEMENTS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

THE VILLAGE CHARTER SCHOOL
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2022

	IDEA Part B	IDEA Preschool	ARP ESSER	ARP Esser NJTSS Mental Health Support	ARP Esser Beyond the School Day Activities	CRRSA ESSER II	CRRSA Learning Acceleration Grant	Charter School Emergent State Aid Grant	Student Activity / Athletics Fund	Total
Revenues:										
Federal Sources	\$ 86,436	\$ 1,443	756,641	40,500	2,843	222,778	37,700	45,708	\$ -	\$ 1,426,039
State Sources									13,978	45,708
Local Sources										13,978
Total Revenues	\$ 86,436	\$ 1,443	\$ 756,641	\$ 40,500	\$ 2,843	\$ 222,778	\$ 37,700	\$ 45,708	\$ 13,978	\$ 1,485,725
Expenditures:										
Instruction:										
Salaries of Teachers	\$ 52,750	\$ -	\$ 140,000	\$ -	\$ -	\$ 76,373	\$ -	\$ -	\$ -	\$ 355,852
Other Salaries for Instruction			84,401			69,375				180,991,00
Purchased Prof/Tech Services										84,401
Other Purchased Services	6,784	1,443	33,675			2,686	32,201			76,789
General Supplies										-
Textbooks										-
Other Objects										-
Total Instruction	59,534	1,443	258,076	-	-	148,434	32,201	-	-	698,033
Support Services:										
Salaries of Supervisors of Instruction										1,305
Salaries of Program Directors			102,505			1,305				102,505
Salaries of Other Professional Staff				27,931						27,931
Personal Services/Employee Benefits	26,902		93,750	12,569	2,843	44,687				237,672
Other Purchased Professional Services										22,432
Purchased Technical Services							5,499			5,499
Other Purchased Services			14,288			28,352		45,708		28,352
Supplies and Materials									8,097	59,896
Miscellaneous Expenditures										8,097
Total Support Services	26,902	-	210,543	40,500	2,843	74,344	5,499	45,708	8,097	493,789
Facilities Acquisition and Construction Services:										
Instructional Equipment			55,473							55,473
Noninstructional Equipment			232,549							232,549
Mortgage Payment-Principal										-
Total Facilities Acquisition and Construction Services	-	-	288,022	-	-	-	-	-	-	288,022
Total Expenditures	86,436	1,443	756,641	40,500	2,843	222,778	37,700	45,708	8,097	1,479,844
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,881	\$ 5,881

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND B-6.

SECTION I – LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

THE VILLAGE CHARTER SCHOOL
 Schedule of Notes Payable
 June 30, 2023

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance		Retired	Balance June 30, 2023
			Date	Amount		June 30, 2022	Issued		
Mortgage*	10/2/13	\$ 6,000,000.00	2023-24	\$ 429,909	3.00%	\$ 2,869,450	\$ -	\$ 417,222	\$ 2,452,228
			2024-25	\$ 443,352	3.00%				
			2025-26	\$ 457,026	3.00%				
			2026-27	\$ 471,123	3.00%				
			2027-28	\$ 526,775	3.00%				
			2028-29	\$ 124,042	3.00%				
						\$ 2,869,450	\$ -	\$ 417,222	\$ 2,452,228
						\$ 2,869,450	\$ -	\$ 417,222	\$ 2,452,228

*Payments are due on the 16th day of each month

**STATISTICAL SECTION
(UNAUDITED)**

The Village Charter School has been in operation for ten (10) years. GASB requires that ten years of statistical data be presented. Statistical data for ten (10) years is available and is presented

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the charter school's financial performance and well being have changed over time.

Revenue Capacity (Not Applicable To Charter School)

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the charter school's current levels of outstanding debt and the charter school's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the charter school's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the district provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.*

FINANCIAL TRENDS

THE VILLAGE CHARTER SCHOOL

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net Investment in Capital Assets/ Invested in capital assets, net of related debt	\$ (2,938,270)	\$ (3,368,178)	\$ (3,686,816)	\$ 2,194,402	\$ 1,784,236	\$ 1,624,230	\$ 1,473,077	\$ 1,346,685	\$ 1,231,380	\$ 1,099,564
Restricted	1,550,899	1,550,976	1,200,976	1,242,893	756,127	1,006,127	902,535	899,867	831,107	781,107
Unrestricted	7,148,400	5,608,265	5,729,861	(899,849)	(532,898)	(699,655)	(661,265)	(719,372)	(530,389)	599,894
Total Governmental Activities Net Assets/ Position	\$ 5,761,029	\$ 3,791,063	\$ 3,244,021	\$ 2,537,446	\$ 2,007,465	\$ 1,930,702	\$ 1,714,347	\$ 1,527,180	\$ 1,532,098	\$ 2,480,565
Business-Type Activities										
Unrestricted	\$ 115,737	\$ 143,855	\$ 84,136	\$ 62,568	\$ 55,075	\$ 31,220	\$ 32,098	\$ 33,930	\$ 38,637	\$ 49,016
Total Business-Type Activities Net Assets/Position	\$ 115,737	\$ 143,855	\$ 84,136	\$ 62,568	\$ 55,075	\$ 31,220	\$ 32,098	\$ 33,930	\$ 38,637	\$ 49,016
Charter School-Wide										
Net Investment in Capital Assets/ Invested in capital assets, net of related debt	\$ (2,938,270)	\$ (3,368,178)	\$ (3,686,816)	\$ 2,194,402	\$ 1,784,236	\$ 1,624,230	\$ 1,473,077	\$ 1,346,685	\$ 1,231,380	\$ 1,099,564
Restricted	1,550,899	1,550,976	1,200,976	1,242,893	756,127	1,006,127	902,535	899,867	831,107	781,107
Unrestricted	7,264,137	5,752,120	5,813,997	(837,281)	(477,823)	(668,435)	(629,167)	(685,442)	(491,752)	648,910
Total Charter School Net Position	\$ 5,876,766	\$ 3,934,918	\$ 3,328,157	\$ 2,600,014	\$ 2,062,540	\$ 1,961,922	\$ 1,746,445	\$ 1,561,110	\$ 1,570,735	\$ 2,529,581

Source: Annual Comprehensive Financial Report

THE VILLAGE CHARTER SCHOOL
 Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)
 Unaudited

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental Activities:										
Instruction	\$ 3,563,411	\$ 3,346,944	\$ 2,557,244	\$ 2,780,428	\$ 2,925,168	\$ 2,805,383	\$ 2,721,564	\$ 2,739,510	\$ 2,619,833	\$ 2,526,010
Administration	1,466,949	1,256,808	1,410,250	1,257,389	1,439,443	1,742,384	1,628,213	666,998	500,122	402,978
Support Services	2,346,655	2,326,643	1,601,130	2,094,470	2,020,141	2,133,727	2,572,752	2,576,686	2,725,708	2,521,754
Interest on Long-Term Debt	81,507	93,990	106,101	128,766	129,073					
Total Governmental Activities Expenses	<u>7,458,522</u>	<u>7,024,385</u>	<u>5,674,725</u>	<u>6,261,053</u>	<u>6,513,825</u>	<u>6,681,494</u>	<u>6,922,529</u>	<u>5,983,194</u>	<u>5,845,663</u>	<u>5,450,742</u>
Business-Type Activities:										
Food Service	359,639	292,224	119,854	184,092	226,863	210,514	234,385	246,118	204,362	174,539
Total Business-Type Activities Expenses	<u>359,639</u>	<u>292,224</u>	<u>119,854</u>	<u>184,092</u>	<u>226,863</u>	<u>210,514</u>	<u>234,385</u>	<u>246,118</u>	<u>204,362</u>	<u>174,539</u>
Total Charter School Expenses	<u>\$ 7,818,161</u>	<u>\$ 7,316,609</u>	<u>\$ 5,794,579</u>	<u>\$ 6,445,145</u>	<u>\$ 6,740,688</u>	<u>\$ 6,892,008</u>	<u>\$ 7,156,914</u>	<u>\$ 6,229,312</u>	<u>\$ 6,050,025</u>	<u>\$ 5,625,281</u>
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ 163,362	\$ 125,161	\$ 76,417	\$ 514,630	\$ 1,765,101	\$ 2,086,777	\$ 1,576,749	\$ 541,776	\$ 791,677	\$ 768,588
Total Governmental Activities Expenses	<u>163,362</u>	<u>125,161</u>	<u>76,417</u>	<u>514,630</u>	<u>1,765,101</u>	<u>2,086,777</u>	<u>1,576,749</u>	<u>541,776</u>	<u>791,677</u>	<u>768,588</u>
Business-Type Activities:										
Food service	11,585	100	107	24,994	31,290	23,082	21,889	27,045	9,653	9,932
Operating Grants and Contributions	319,934	351,728	141,198	166,506	219,381	186,511	210,618	214,279	184,289	168,574
Total Business-Type Activities Expenses	<u>331,519</u>	<u>351,828</u>	<u>141,305</u>	<u>191,500</u>	<u>250,671</u>	<u>209,593</u>	<u>232,507</u>	<u>241,324</u>	<u>193,922</u>	<u>178,506</u>
Total Charter School Program Revenue	<u>\$ 494,881</u>	<u>\$ 476,989</u>	<u>\$ 217,722</u>	<u>\$ 706,130</u>	<u>\$ 2,015,772</u>	<u>\$ 2,296,370</u>	<u>\$ 1,809,256</u>	<u>\$ 783,100</u>	<u>\$ 985,599</u>	<u>\$ 947,094</u>
Net (Expense)/Revenue										
Governmental Activities:	\$ (7,295,160)	\$ (6,899,224)	\$ (5,598,308)	\$ (5,746,423)	\$ (4,748,724)	\$ (4,594,717)	\$ (5,345,780)	\$ (5,441,418)	\$ (5,053,986)	\$ (4,682,154)
Business-Type Activities	(28,120)	59,604	21,451	7,408	23,808	(921)	(1,878)	(4,794)	(10,440)	3,967
Total Charter School Net Expense	<u>\$ (7,323,280)</u>	<u>\$ (6,839,620)</u>	<u>\$ (5,576,857)</u>	<u>\$ (5,739,015)</u>	<u>\$ (4,724,916)</u>	<u>\$ (4,595,638)</u>	<u>\$ (5,347,658)</u>	<u>\$ (5,446,212)</u>	<u>\$ (5,064,426)</u>	<u>\$ (4,678,187)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 498,057	\$ 466,976	\$ 466,650	\$ 439,804	\$ 447,552	\$ 473,271	\$ 474,293	\$ 491,623	\$ 495,923	\$ 488,750
Federal and State Aid Not Restricted (Unrestricted Grants and Contributions)	8,101,343	6,933,785	5,778,051	5,747,956	4,330,624	4,459,523	4,495,179	4,378,779	4,694,097	4,659,447
Local Aid				85,190			944,781	536,780	12,500	13,285
Investment Earnings	446	2,788	3,787							
Miscellaneous Income	665,280	42,717	15,716	3,454	47,310	17,946	18,692	29,318	9,217	35,853
Total Governmental Activities	<u>9,265,126</u>	<u>7,446,266</u>	<u>6,264,204</u>	<u>6,276,404</u>	<u>4,825,486</u>	<u>4,950,740</u>	<u>5,532,945</u>	<u>5,436,500</u>	<u>5,211,737</u>	<u>5,197,335</u>
Business-Type Activities:										
General Purposes	2	115	117	86	47	44	45	88	60	7
Investment Earning	2	115	117	86	47	44	45	88	60	7
Total Business-Type Activities Expenses	<u>\$ 9,265,128</u>	<u>\$ 7,446,381</u>	<u>\$ 6,264,321</u>	<u>\$ 6,276,490</u>	<u>\$ 4,825,533</u>	<u>\$ 4,950,784</u>	<u>\$ 5,532,990</u>	<u>\$ 5,436,588</u>	<u>\$ 5,211,797</u>	<u>\$ 5,197,342</u>
Total Charter School Wide										
Change in Net Position										
Governmental Activities	\$ 1,969,966	\$ 547,042	\$ 665,896	\$ 529,981	\$ 76,762	\$ 356,023	\$ 187,165	\$ (4,918)	\$ 157,751	\$ 515,181
Business-Type Activities	(28,118)	59,719	21,568	7,494	23,855	(877)	(1,833)	(4,706)	(10,380)	3,974
Total Charter School	<u>\$ 1,941,848</u>	<u>\$ 606,761</u>	<u>\$ 687,464</u>	<u>\$ 537,475</u>	<u>\$ 100,617</u>	<u>\$ 355,146</u>	<u>\$ 185,332</u>	<u>\$ (9,624)</u>	<u>\$ 147,371</u>	<u>\$ 519,155</u>

Source: Annual Comprehensive Financial Report

THE VILLAGE CHARTER SCHOOL
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Unaudited

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund	1,050,759	\$ 1,050,759	\$ 701,193	\$ 700,759	\$ 881,107	\$ 1,131,107	\$ 881,107	\$ 881,107	\$ 831,107	\$ 781,107
Restricted										
Committed	500,000	\$ 500,000	\$ 12,176	\$ 542,134	814,830	625,020	\$ 21,428	\$ 18,760		
Assigned	1,835,784	1,014,813	2,115,005	818,181	316,916	303,340	484,497	226,635	630,494	600,496
Unassigned							463,891	346,295		
Total General Fund	\$ 3,386,543	\$ 2,565,572	\$ 2,828,374	\$ 2,061,074	\$ 2,012,853	\$ 2,059,467	\$ 1,850,923	\$ 1,472,797	\$ 1,461,601	\$ 1,381,603

Source: Annual Comprehensive Financial Report

THE VILLAGE CHARTER SCHOOL
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Unaudited

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Local Source (Tax Levy)	\$ 519,857	\$ 479,796	\$ 486,140	\$ 450,103	\$ 458,152	\$ 483,831	\$ 488,871	\$ 509,306	\$ 508,423	\$ 502,035
Interest Earnings	-	-	-	-	-	-	-	-	-	-
Intermediate Sources / Miscellaneous	643,926	32,685	-	78,344	37,110	7,386	4,114	11,635	9,217	35,853
State Sources	6,758,954	5,798,879	5,466,666	5,213,547	5,125,270	5,085,956	5,009,090	4,920,555	5,155,297	5,062,425
Federal Sources	1,542,416	1,292,462	419,487	512,670	379,509	376,575	613,642	536,780	346,221	365,610
Total Revenues	9,465,153	7,603,822	6,372,493	6,254,664	6,000,041	5,953,748	6,115,717	5,978,276	6,019,158	5,965,923
Expenditures:										
Instruction	3,069,160	2,797,988	2,454,536	2,586,474	2,718,978	2,598,694	2,515,708	2,490,548	2,579,848	2,488,208
Administration	2,766,311	2,660,217	2,347,771	-	-	-	-	-	-	-
Support Services	1,440,380	1,542,190	1,094,246	2,904,893	2,790,454	2,606,585	3,218,072	3,434,201	2,970,639	3,025,331
Capital Outlay	1,362,450	510,938	112,986	180,348	2,495	5,196	3,811	42,900	388,104	834,195
Debt Outlay	-	-	-	534,729	534,729	-	-	-	-	-
Total Expenditures	8,638,301	7,511,333	6,009,539	6,206,444	6,046,656	5,745,204	5,737,591	5,967,649	5,938,591	6,347,734
Excess (Deficiency) of Revenues Over (Under) Expenditures	826,852	92,489	362,954	48,220	(46,615)	208,544	378,126	10,627	80,567	(381,811)
Other Financing Uses:										
State Repayment / Proceeds from Borrowing	-	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Uses	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ 826,852	\$ 92,489	\$ 362,954	\$ 48,220	\$ (46,615)	\$ 208,544	\$ 378,126	\$ 10,627	\$ 80,567	\$ (381,811)

Source: Annual Comprehensive Financial Report

THE VILLAGE CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 Unaudited

Fiscal Year Ending June 30,	Donations	Interest	Miscellaneous Revenue	Total
2023	\$ -	\$ 446	\$ 7,376	\$ 7,822
2022	-	2,788	8,263	11,051
2021	-	3,787	15,703	19,490
2020	-	3,840	33,270	37,110
2019	-	3,840	33,270	37,110
2018	-	3,785	3,600	7,385
2017	-	3,282	832	4,114
2016	-	2,531	9,104	11,635
2015	-	5,183	4,034	9,217
2014	-	717	35,136	35,853

Source: Charter School records

OPERATING INFORMATION

THE VILLAGE CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Ten Fiscal Years

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Instruction										
Regular	28.0	29.0	31.0	30.0	30.0	30.0	30.0	30.0	28.0	28.0
Special Education	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Other Special Education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	8.0	6.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Non-Public School Programs	-	-	-	-	-	-	-	-	-	-
Adult/Continuing Education Program	-	-	-	-	-	-	-	-	-	-
Support Services										
Student & Instruction Related Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
General Administration	2.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
School Administrative Services	6.0	6.0	3.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other Administrative Services	-	-	-	-	-	-	-	-	-	-
Central Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Administrative Information Technology	-	-	-	-	-	-	-	-	-	-
Plant Operation and Maintenance	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pupil Transportation	-	-	-	-	-	-	-	-	-	-
Other Support Services	-	-	-	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Food Service	-	-	-	-	-	-	-	1.0	3.0	3.0
Total	53	53	51	51	51	52	52	53	53	53.0

Source: Charter School's Records

THE VILLAGE CHARTER SCHOOL

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2023	357	\$ 4,770,964	\$ 13,364	4.06%	32	11	357.7	323.2	0.31%	90.36%
2022	357	4,584,711	12,842	4.87%	33	11	356.6	332.0	-0.83%	93.10%
2021	360	4,408,736	12,246	-14.97%	35	10	359.6	351.0	-0.11%	97.61%
2020	358	5,156,084	14,402	-6.41%	34	11	360.0	350.0	0.00%	97.22%
2019	358	5,509,432	15,389	1.64%	34	11	360.0	349.7	1.04%	97.14%
2018	356	5,390,251	15,141	4.09%	33	10	356.3	329.2	-0.11%	92.39%
2017	356	5,178,231	14,546	-5.34%	33	10	356.7	336.6	-0.53%	94.37%
2016	356	5,470,094	15,365	-2.24%	33	10	358.6	337	-3.86%	93.98%
2015	355	5,579,870	15,718	2.34%	33	10	373.0	337.09	3.81%	90.37%
2014	359	5,513,539	15,358	-1.59%	34	10	359.3	336.05	1.01%	93.53%

THE VILLAGE CHARTER SCHOOL
 School Building Information
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
400	400	400	400	135	135	135	135	135	135	135
360	360	360	360	130	130	126	126	117	125	126

Charter School Building

Elementary School

The Village Charter School

Square Feet

Capacity (students)

Enrollment

Number of Schools at June 30, 2023

Elementary School = 1

Middle School = 0

High School = 0

Source: Charter School Facilities Office

THE VILLAGE CHARTER SCHOOL
Insurance Schedule
June 30, 2023

Company	Coverage	Deductible
School Package Policy		
Commercial Property	\$ 12,670,309	\$ 1,000
Boiler and Machinery	100,000,000	25,000
Automobile	31,000,000	
School Board Legal Liability	31,000,000	15,000
Worker's Compensation	3,000,000	
Surety Bonds	172,500	
Student Accident	6,000,000	
W/cat	1,000,000	
EDP	Inc in Prop Blanket	1,000

The Village Charter School
 New Jersey Performance Framework Financial Ratios
 Charter School Performance Framework Financial Indicators
 Audited Performance Indicators
 Fiscal Ratios
 Last Three Fiscal Years

	2021 Audit	2022 Audit	2023 Audit	Source
Cash	\$ 2,602,426	\$ 2,747,919	\$ 3,273,871	Audit: Exhibit A-1
Current Assets (include cash)	2,736,626	2,853,702	3,877,176	Audit: Exhibit A-1
Current Liabilities	369,504	475,970	634,939	Audit: Exhibit A-1
Total Expenses	5,683,011	7,024,385	7,458,522	Audit: Exhibit A-2
Change in Net Position	657,610	547,042	1,969,966	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)	360.0	357.0	357.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	360	357	357	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	198,188	201,362	223,420	Auditor/Workpapers
Interest Expense	106,101	93,990	81,507	Auditor/Workpapers
Principal Payments- Normal	392,928	392,628	417,222	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

	2021	2022	2023	3 YR CUM	Calculation****	Target****
Performance Indicators						
Near Term Indicators						
1a.	7.4	6.0	6.1		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	167	143	160		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	100%	100%	100%	100%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.**	NO	NO	NO		Auditor	not in default
Sustainability Indicators						
2a***	573,332	145,493	525,952	1,244,777	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b	2.45	2.15	5.46		N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

* For renaissance schools: use Oct 15 count if no final count; use head count if ADE not available
 ** Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Y
 *** 2023 =2023 Cash - 2022 Cash; 2022 =2022 Cash - 2021 Cash; 2021 =2021 Cash-2020 Cash
 **** Refer to NJ Performance Framework
 Meets Standard
 Does Not Meet Standard
 Falls Far Below Standard

SINGLE AUDIT SECTION

BARRE & COMPANY LLC
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
The Village Charter School

Trenton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and each major fund of The Village Charter School (Charter School), in the county or Mercer , State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements and have issued our report thereon dated November 28, 2022,

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented,

or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weakness may exist that have not been identified.


Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 28, 2023

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE AND
NEW JERSEY CIRCULAR 15-08 OMB**

The Honorable President and
Members of the Board of Trustees
The Village Charter School
County of Mercer
Trenton, New Jersey

Report on Compliance for Each Major State and Federal Program

Opinion on Each Major State and Federal Program

We have audited the The Village Charter School’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey Circular 15-08- OMB State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2023. The The Village Charter School’s major state programs are identified in the Summary of Auditor’s Results Section of the accompanying schedule of findings and questioned costs.

In our opinion, the The Village Charter School, in the , State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state and Federal programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major State and Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Village Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state and Federal program. Our audit does not provide a legal determination of The Village Charter School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to The Village Charter School's State and Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Village Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Village Charter School's compliance with the requirements of each major State and Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Village Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of The Village Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance and the New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid but not for the purpose of expressing an opinion on the effectiveness of The Village Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance


A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state and Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey Circular 15-08 OMB. Accordingly, this report is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 28, 2023

THE VILLAGE CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grant/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Additional Award Identification	Federal FAN Number	Grant or State Project Number	Program or Award Amount	Start Period From	End Period To	Balance at June 30, 2022	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Pass-Through To Subrecipients	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2023	Due to Grantor						
U.S. Department of Education																							
Passed-through State Department of Education																							
State Title I Part A	84.010A	N/A	S0010A230030	NCLB - 23	\$ 277,688	7/1/22	6/30/23	\$ -	\$ -	\$ 181,429	\$ (277,688)	\$ -	\$ -	\$ -	\$ (96,269)	\$ -	\$ -						
Total No. Child Left Behind																							
Total Special Education Cluster (IDEA)																							
IDEA - Part B Basic	84.027	84.027A	H027A200031	IDEA - 23	86,436	7/1/22	6/30/23	-	-	48,896	(86,436)	-	-	-	(37,450)	-	-						
IDEA - Preschool	84.173	N/A	H027A200031	IDEA - 23	1,443	9/1/22	8/31/23	-	-	1,174	(1,443)	-	-	-	(319)	-	-						
Total Special Education Cluster (IDEA)																							
Other Special Revenue Funds																							
CRRS Act - ESSER II Carryover	84.425	COVID-19, 84.425D		N/A	222,776	9/1/22	8/31/23	-	-	138,149	(222,776)	-	-	-	(84,629)	-	-						
CRRS Act - Learning Acceleration Grant	84.425	COVID-19, 84.425D		N/A	37,700	9/1/22	8/31/23	(82,396)	-	4,906	(37,700)	-	-	-	(32,794)	-	-						
CRRS Act - Mental Health Carryover	84.425	COVID-19, 84.425D		N/A	-	9/1/22	8/31/23	(699)	-	699	-	-	-	-	(251,091)	-	-						
CRRS Act - Mental Health	84.425	COVID-19, 84.425D		N/A	756,641	9/1/22	8/31/23	(49,975)	-	506,570	(756,641)	-	-	-	(18,154)	-	-						
ARP - ESSER Carryover	84.425	COVID-19, 84.425D		N/A	-	9/1/22	8/31/23	(40,500)	-	22,346	-	-	-	-	(18,154)	-	-						
ARP - ESSER NJTSS Mental Health Support Staffing	84.425	COVID-19, 84.425D		N/A	40,500	9/1/22	8/31/23	(2,658)	-	2,658	(40,500)	-	-	-	(38,843)	-	-						
ARP - ESSER NJTSS Mental Health Support Staffing Carryover	84.425	COVID-19, 84.425D		N/A	-	9/1/22	8/31/23	(85,728)	-	756,679	(1,026,862)	-	-	-	(269,183)	-	-						
ARP - ESSER Evidence Based Comprehensive Beyond the School Day	84.425	COVID-19, 84.425D		N/A	2,843	9/1/22	8/31/23	(85,728)	-	988,218	(1,426,039)	-	-	-	(523,549)	-	-						
Total Department of Education																							
Total Special Revenue Fund																							
U.S. Department of Agriculture																							
Passed-through State Department of Agriculture																							
Child Nutrition Cluster	10.553	COVID-19	231N304N1099	N/A	61,762	7/1/22	6/30/23	(5,564)	-	65,251	(61,762)	-	-	-	(4,509)	-	7,989						
COVID-19 School Breakfast Program	10.553	COVID-19	231N304N1099	N/A	-	7/1/22	6/30/23	(15,800)	-	187,525	(190,380)	-	-	-	(15,796)	-	12,869						
COVID-19 National School Lunch Program	10.555	COVID-19	231N304N1099	N/A	190,380	7/1/22	6/30/23	(15,800)	-	15,800	(292,122)	-	-	-	(210,305)	-	-						
COVID-19 National School Lunch Program	10.555	COVID-19	221N304N1099	N/A	-	7/1/21	6/30/22	(21,364)	-	274,138	(252,122)	-	-	-	(20,305)	-	20,867						
Total Child Nutrition Cluster																							
Total Enterprise Fund																							
Total Federal Financial Awards																							
																\$ (107,692)	\$ (1,678,611)	\$ -	\$ -	\$ (543,954)	\$ -	\$ -	\$ -

The accompanying Notes to Financial Statements and Schedules of Expenditures are an integral part of this schedule.

THE VILLAGE CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022			Balance at June 30, 2023			MEMO			
			From	To	Unearned Revenue (Accounts Receivable)	Due to Grantor	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Year's Balance		(Accounts Receivable)	Unearned Revenue/Interfund Payable	Due to Grantor
State Department of Education														
General Aid-Public														
Equalization Aid- State Share	23-495-034-5120-078	\$ 5,014,336	7/1/22	6/30/23	\$ -	\$ -	\$ -	\$ 5,030,845	\$ (5,014,336)	\$ -	\$ -	\$ -	\$ 27,041	\$ 5,014,336
Equalization Aid	22-495-034-5120-071	-	7/1/21	6/30/22	-	22,950	-	200,027	(200,027)	-	-	-	22,950	200,027
Special Education, Categorical Aid	23-495-034-5120-089	200,027	7/1/22	6/30/23	-	-	-	185,728	(185,728)	-	-	-	-	185,728
Special Education Aid	22-495-034-5120-089	-	7/1/21	6/30/22	-	-	-	185,728	(185,728)	-	-	-	-	185,728
Security Aid	23-495-034-5120-084	185,728	7/1/22	6/30/23	-	-	-	5,416,600	(5,400,091)	-	-	-	49,991	5,400,091
Nonpublic Aid	23-100-034-5088-042	-	7/1/22	6/30/23	-	-	-	235,731	(235,731)	-	-	-	-	235,731
Total State Aid-Public								897,347	(897,347)					897,347
TPAF Post Retirement Medical Contributions	23-495-034-5094-001	235,731	7/1/22	6/30/23	-	-	-	897,347	(897,347)	-	-	-	-	897,347
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	897,347	7/1/22	6/30/23	-	-	-	643	(643)	-	-	-	-	643
TPAF Long Term Disability Insurance Premium	23-495-034-5094-004	179,434	7/1/22	6/30/23	-	-	-	170,880	(179,434)	(8,554)	-	-	-	179,434
Reimbursed TPAF - Social Security	23-495-034-5094-003	-	7/1/22	6/30/23	-	-	-	6,721,201	(6,713,246)	(19,086)	-	-	49,991	6,713,246
Total General Fund								54,232	(45,708)				8,524	45,708
Special Revenue Fund:								54,232	(45,708)				8,524	45,708
Charter School Emergent State Aids Grant	0	45,708	7/1/21	9/30/23	-	-	-	54,232	(45,708)	-	-	-	-	45,708
Total Special Revenue Fund								54,232	(45,708)				8,524	45,708
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	23-100-010-3350-023	40,025	7/1/22	6/30/23	-	-	-	39,269	(40,025)	(756)	-	-	-	40,025
National School Lunch Program (State Share)	22-100-010-3350-023	-	7/1/21	6/30/22	-	-	-	356	-	-	-	-	-	356
Total Enterprise Fund								39,625	(40,025)	(756)	-	-	-	40,025
Total State Financial Assistance Subject to Major Program Determination for State Single Audit								6,760,826	(6,753,271)	(19,842)	\$ -	\$ -	\$ 49,991	\$ 6,753,271
State Financial Assistance Not Subject to Major Program Determination:														
General Funds (Non-Cash Assistance)														
TPAF Post-Retirement Medical Contributions	23-495-034-5094-001	235,731	7/1/22	6/30/23	-	-	-	235,731	(235,731)	-	-	-	-	235,731
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	897,347	7/1/22	6/30/23	-	-	-	897,347	(897,347)	-	-	-	-	897,347
TPAF Long Term Disability Insurance Premium	23-495-034-5094-004	643	7/1/22	6/30/23	-	-	-	643	(643)	-	-	-	-	643
Total General Funds (Non-Cash Assistance)								1,133,721	(1,133,721)					1,133,721
Total State Financial Assistance								\$ 6,894,547	(6,886,996)	(19,842)	\$ -	\$ -	\$ 49,991	\$ 6,894,547

The accompanying Notes to Financial Statements and Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

THE VILLAGE CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Federal Awards and State Financial Assistance
June 30, 2023

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, of The Village Charter School. The Board of Trustees is defined in Note 1 to the board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey OMB Circular 15-08, “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*”. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

THE VILLAGE CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2023

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 116,377	\$ 6,713,246	\$ 6,829,623
Special Revenue Fund	1,426,039	45,708	1,471,747
Food Service Fund	279,909	40,025	319,934
Total Awards & Financial Assistance	\$ 1,822,325	\$ 6,798,979	\$ 8,621,304

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Post-Retirement Medical, Pension and Non-Contributory Insurance Premium Contributions represent the amount paid by the state on behalf of the Charter School for the year ended June 30, 2023. These amounts are published by the State Division of Pensions annually, and the NJDOE has advised that these In-Kind programs are not to be subject to the state single audit mandate, and no audit procedures are required to be applied to these amounts. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2023, and are subject to the state single audit mandate.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter School's basic financial statements and the amount subject to State single audit and major program determination.

THE VILLAGE CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2023

NOTE 7. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The Charter School does not have a schoolwide program.

NOTE 8. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditors Results section of the Schedule of Findings and Questioned Costs.

THE VILLAGE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended **June 30, 2023**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements Unmodified

Internal control over financial reporting:

 1) Material weakness(es) identified? Yes No

 2) Significant deficiencies identified that are not considered
 to be material weaknesses? Yes Reported None

Noncompliance material to basic financial statements
noted? Yes No

Federal Awards

Internal control over major programs:

 1) Material weakness(es) identified? Yes No

 2) Significant deficiencies identified that are not considered to
 be material weaknesses? Yes Reported None

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in
accordance with Section .510(a) of Uniform Guidance? Yes No

Identification of major state programs:

CFDA Number (s)	Name of Federal Program or Cluster
84.425D	CRRS Act - ESSER II
84.425D	CRRS Act - Learning Acceleration
84.425U	ARP - ESSER
84.425U	ARP - ESSER NJTSS Mental Health
84.425U	ARP - ESSER Evidence Based Comprehensive Beyond School Day

Dollar threshold used to distinguish between Type A and
Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

THE VILLAGE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended **June 30, 2023**

Section I – Summary of Auditor’s Results (Continued)

State Awards

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Internal control over major programs:

1) Material weakness(es) identified? Yes No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ Circular Letter 15-08-OMB, as applicable? Yes No

Identification of major state programs:

GMIS Number(s)	Name of State Program
	State Aid Cluster:
23-495-034-5120-078	Equalization Aid
23-495-034-5120-089	Special Education Categorical Aid
23-495-034-5120-084	Security Aid
23-495-034-5120-085	Adjustment Aid

THE VILLAGE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended **June 30, 2023**

Section II –Schedule of Financial Statement Findings

The section identifies the significant deficiencies, material weaknesses and fraud, non compliance with provisions of laws, regulation, contracts, and grant agreements related to financial statements for which Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey requires.

No Current Year Findings

THE VILLAGE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended **June 30, 2023**

***Part III – Schedule of Federal and State Award
Findings and Questioned Costs As Prepared By Management***

This section identifies the significant deficiencies, material weaknesses, and material matters of noncompliance, including questioned costs and significant instances of abuse, related to the audit of major federal and state programs, as required by U.S Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

No Current Year Findings

CURRENT YEAR STATE AWARDS

No Current Year Findings

THE VILLAGE CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings and Questioned Costs
as prepared by Management
For the Fiscal Year Ended **June 30, 2023**

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with Government Auditing Standards, US OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Uniform Guidance and New Jersey OMB's 15-08, as applicable.

STATUS OF PRIOR YEAR FINDINGS

No Prior Year Findings